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SBC Communications Inc.  
1401 I Street, N.W.  
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Washington, DC 20005



April 4, 1997

**EX PARTE**

William F. Caton  
Acting Secretary  
Federal Communications Commission  
Mail Stop 1170  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

RECEIVED

APR 4 1997

Federal Communications Commission  
Office of Secretary

Dear Mr. Caton:

Re: CC Docket No. 96-45 - Federal-State Joint Board on Universal Service

The attached letter was sent today to Elliott Maxwell with copies going to Lygiea Ricciardi and Astrid Carlson. Please associate this material with the above referenced proceeding.

We are submitting two copies of this notice in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,

*Alan F. Ciamporcero (J2B)*

Alan F. Ciamporcero  
Vice President  
Federal Regulatory Relations  
Pacific Telesis Group  
(A Subsidiary of SBC Communications, Inc.)

cc: Lygiea Ricciardi  
Astrid Carlson

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April 3, 1997

Elliott Maxwell  
Deputy Chief  
Office of Plans and Policy  
Federal Communications Commission  
1919 M Street, N.W., Room 822  
Washington, D.C. 20554

Re: *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45:  
Questions Regarding Health Care

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Dear Mr. Maxwell:

We are submitting this second letter to follow up on our *ex parte* meeting with you last month regarding the health care aspects of the *Federal-State Joint Board Recommendation on Universal Service*, CC Docket No. 96-45.

When we met with you, we stated that the Commission should not equalize the distance-sensitive charges paid by rural and urban health care providers. Rather, we stated, there is an important distinction between the *prices* rural health care providers pay -- that is, the bottom line figure on their bills -- and the *rates* they are charged for an increment of service. In our view, if an urban provider pays a *rate* of \$10 *per mile* for a distance sensitive service, the statute's only requirement is that a rural provider pay the same \$10 *per mile rate* and pay the same additional non-recurring charges as does an urban health care customer.

We agreed, however, to provide you information regarding actual distance factors for urban customers. In large urban areas such as the Los Angeles and San Diego metropolitan areas, health care providers pay for distances which may be as long or even longer than certain rural customers might encounter.

Elliott Maxwell  
Deputy Chief  
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The following are actual examples of what one very large Pacific Bell health care customer pays in T-1 distance charges in the Los Angeles and San Diego areas<sup>1</sup>.

Location	Mileage	Mileage Charge	Add'l Recur'g Chgs	Total Chg/Mo.
Woodland Hills -- Panorama City (Los Angeles County)	33 miles	\$25/mile x 33 miles = \$825	\$350 + \$125 = \$475	\$1,300
Santa Monica -- Riverside (Los Angeles County -- San Bernardino County)	51 miles	\$25/mile x 51 miles = \$1,275	\$350 + \$125 = \$475	\$1,750
San Diego City -- Vista (San Diego County)	28 miles	\$25/mile x 28 miles = \$700	\$350 + \$125 = \$475	\$1,175

Thus, urban health care customers in large states with sprawling urban areas such as California may encounter fairly significant urban distance sensitive charges. If the Commission attempts to equalize urban and rural distance sensitive charges, it must do so based on a realistic view of the distances charges actual urban customers pay. The FCC must not assume that urban customers all face short distances and adjust the rural distances accordingly. If it does so, it will be ignoring the facts faced by the Los Angeles and San Diego customer described in the chart, and making rural health care customers *better off* than their urban counterparts.

It was clearly not Congress' intent to *favor* rural customers over urban ones. If an urban customer in California pays for 51 miles of distance -- as does the actual customer described in the table -- a rural customer should pay for no fewer miles than does the urban customer. Indeed, if the FCC eliminates distance-sensitive differences between urban and rural customers, rural customers in a state should pay no less than the *greatest* distance faced by *any* urban customer in that state. If this does not occur, rural customers will be *better off* than urban customers, contrary to the intent of the statute.

Of course, if a health care customer wishes to use ISDN service, which is the predominant service used for telemedicine in California, that service is billed at far lower rates than are T-1 lines.

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<sup>1</sup> The prices quoted in this letter are based on our generally available tariffed rates. The vast majority of our health care customers buy their services out of the tariffs.

Elliott Maxwell  
Deputy Chief  
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You also asked us to furnish you with figures on the number of ISDN lines in Pacific Bell territory. The numbers are as follows:

Year	Number of ISDN Lines
1994	25,683
1995	57,695
1996	108,765
1997 (as of Feb. 28, 1997)	116,362

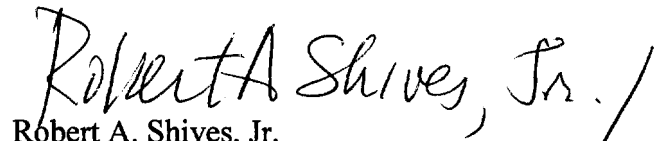
Pacific Bell currently has approximately 16 million access lines, of which approximately 10 million are residential access lines.

Please contact one of us if you need any further information. Thank you for your continued attention to our concerns.

Respectfully yours,



Sarah R. Thomas  
Senior Counsel  
(415) 542-7649



Robert A. Shives, Jr.  
Senior Counsel  
(510) 355-4028

by STU

cc: Lygiea Ricciardi  
Astrid Carlson